

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1505 – HB 1442

February 8, 2014

SUMMARY OF ORIGINAL BILL: Revises multiple laws relating to non-profit corporations including, but not limited to: redefining numerous existing terms related to the Tennessee Nonprofit Corporation Act (the Act); defining new terms related to the Act; changes regarding proper notice given to the Secretary of State (SOS) including notice provided by electronic means; rewriting of certain filing requirements; authorization for the SOS to prescribe mandatory filing forms; establishment of new fees for articles of entity conversion, articles of charter surrender, and statement of abandonment of merger, conversion, or membership exchange; changing charter requirements, bylaw requirements, and law concerning amendments to existing charters and bylaws; changes regarding corporate action made by written consent and written ballot; changes regarding corporate member voting, voting requirements, voting agreements, board of director and officer actions, standards of conduct for directors and officers, and director and officer conflicts of interest; authorization for corporate members to appoint inspectors of elections and the establishment of inspector responsibilities; changes regarding indemnification and liability; expansion of law regarding director and officer conflict of interests and certain related transactions; changes regarding nonprofit corporate mergers, membership exchanges, and entity conversions; expansion of law regarding certain corporate mergers, membership exchanges, and entity conversions; changes regarding the sale, lease, exchange, or disposition of corporate assets; authorization for a public benefit corporation to make distributions to its members, if distributions are in conformity with its charitable purposes; changes regarding voluntary dissolution of nonprofit corporations; changes to required information on an application for certificate of authority for foreign corporations and required information when such corporations relocate; changes regarding required recordkeeping and reporting; and changes regarding provisions which are not applicable to religious corporations. For the purpose of the SOS taking necessary actions to implement the provisions of this act, the effective date is upon becoming law; for all other purposes it is January 1, 2015.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$4,600/General Fund/FY14-15

\$100/Secretary of State/FY14-15

\$9,200/General Fund/FY15-16 and Subsequent Years

\$300/Secretary of State/FY15-16 and Subsequent Years

Increase State Expenditures - \$12,600/General Fund/One-Time

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$12,600/One-Time

Increase Business Expenditures –
\$4,700/FY14-15
\$9,500/FY15-16 and Subsequent Years

Jobs Impact – Not Significant

SUMMARY OF AMENDMENT (011253): Makes several technical corrections regarding cite references. Deletes provision in Section 19 of the original bill that allowed the liability of a director of a corporation, not a public benefit corporation, to be eliminated or limited by a provision of the charter under certain circumstances. Deletes Section 24 of the original bill regarding notice of meetings for mutual benefit corporations, the list of names of all members entitled to notice of a meeting, and regarding inspection requirements for corporations when a member has demanded an inspection of the list be completed.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the SOS, the proposed amendment will not change the impact estimated for the original bill.
- All assumptions utilized to prepare the estimated fiscal impact for the original bill are still applicable for the bill as amended.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumption for the bill as amended:

- All assumptions utilized to prepare the estimated commerce impact statement for the original bill are still applicable for the bill as amended.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with a large, stylized "L" and "G".

Lucian D. Geise, Executive Director

/rnc